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**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION**

FACEBOOK, INC.,

Plaintiff,

v.

STUDIVZ LTD; VERLAGSGRUPPE GEORG
VON HOLTZBRINCK GmBH; HOLTZBRINCK
NETWORKS GmBH; and HOLTZBRINCK
VENTURES GmBH

Defendants.

Case Number C 08-3468 JF (HRL)

**ORDER¹ DEFERRING RULING
ON MOTIONS TO DISMISS**

RE: Docket Nos. 41 & 42

I. BACKGROUND

In this action for trade dress infringement under the Lanham Act, breach of contract, breach of the implied covenant of good faith and fair dealing, and violations of the Computer Fraud and Abuse Act and California Penal Code § 502(c), Plaintiff Facebook, Inc. (“Facebook”) alleges that Defendants StudiVZ (“StudiVZ”) and related corporate entities

¹ This disposition is not designated for publication in the official reports.

1 variously bearing the name Holtzbrink (“the Holtzbrink entities,” collectively “Defendants”)
2 are responsible for the creation of an illegal “knock-off” version of Facebook’s popular social
3 utility website. StudiVZ launched its original website in 2005. The site, which bears a
4 disputed degree of visual and functional similarity to Facebook, was oriented towards
5 university students. As the site became increasingly popular in Germany, StudiVZ launched
6 several other services targeting other age groups. Believing that the StudiVZ websites
7 infringed its proprietary trade dress, Facebook sent a demand letter to StudiVZ in 2006. The
8 letter was written in German and alleged a series of potential claims for infringement of
9 Facebook’s intellectual property rights under German law. A similar letter was sent in January
10 2007.

11 After various entities within the Holtzbrink publishing conglomerate became interest-
12 holders in StudiVZ in August 2006 and October 2007, Facebook entered into negotiations to
13 purchase the StudiVZ websites. Shortly after the negotiations broke down, Facebook sent
14 demand letters to the Holtzbrink entities. On July 18, 2008, StudiVZ filed a declaratory
15 judgment action against Facebook in the German district court for the district of Stuttgart.² On
16 the same day, Facebook filed the instant action, alleging claims similar to those outlined in the
17 2006, 2007, and 2008 demand letters. On October 22, 2008, Defendants filed the instant
18 motions to dismiss for lack of personal jurisdiction and on the ground that Germany is a more
19 convenient forum. On November 19, 2008, Facebook filed a separate lawsuit against StudiVZ
20 in the German district court for the district of Cologne, alleging a series of claims under
21 German law. While there can be little dispute that the two actions filed by Facebook are based
22 on essentially the same alleged conduct, the parties dispute the extent to which the claims in
23 the German action duplicate those alleged here.

24 Since the filing of Defendants’ motions to dismiss, multiple discovery disputes have
25 impeded the resolution of the jurisdictional issues. In an earlier administrative motion,
26 Facebook requested a continuance of the hearing on Defendants’ motions, claiming that it

27
28 ² Trial in this action was set to begin on April 28, 2009.

1 required additional discovery that Defendants improperly were withholding. The Court denied
2 Facebook's request except with respect to the issue of personal jurisdiction over StudiVZ.
3 Nonetheless, for reasons of judicial economy, the Court continued the hearing on all pending
4 motions to April 10, 2009. Subsequently, StudiVZ moved to postpone consideration of the
5 personal jurisdiction component of its motion and to stay related discovery. In a separate
6 motion, Facebook requested a further continuance as to both issues in order to resolve the
7 discovery disputes. Facebook opposed any "bifurcation" of the issues of personal jurisdiction
8 and *forum non conveniens*. On March 30, 2009, the Court issued an order granting a separate
9 hearing on the *forum non conveniens* issue. The hearing ultimately was set for May 1, 2009.
10 To ensure the presentation of all relevant argument, the Court authorized each party to submit
11 a five-page supplemental brief.

12 Having considered the current record and the parties' written and oral arguments, the
13 Court is inclined to dismiss the instant action on the ground that Germany is the more
14 appropriate forum. Such a determination would be procedurally reasonable: given the
15 difficulty of personal jurisdiction discovery in this case and the strength of Defendants'
16 arguments with respect to *forum non conveniens*, a determination that the instant dispute
17 should be heard in Germany would appear to be within the Court's discretion under *Sinochem*
18 *International Trading Company v. Malaysia International Shipping Corp.*, 549 U.S. 422
19 (2007). Nonetheless, because the procedural gloss of *Sinochem* makes the question of *when* to
20 decide *forum non conveniens* a relatively close one in the instant case, the Court will defer
21 ruling on *forum non conveniens* until the issue of personal jurisdiction is ripe for
22 consideration.

23 II. LEGAL STANDARD

24 Under the doctrine of *forum non conveniens*, courts have broad discretion to decline
25 jurisdiction in favor of a more convenient forum outside of the United States. *American*
26 *Dredging Co. v. Miller*, 510 U.S. 443, 448 (1994). A party moving to dismiss on grounds of
27 *forum non conveniens* must show: (1) the existence of an adequate alternative forum; and (2)
28 that the balance of private and public interest factors weighs in favor of dismissal. *Piper*

1 *Aircraft v. Reyno*, 454 U.S. 235, 238 (1981); *Creative Tech., Ltd. v. Aztech Syst. PTE Ltd.*, 61
2 F.3d 696, 703 (9th Cir. 1995). The determination of whether to dismiss an action on the
3 ground of *forum non conveniens* involves a three-step analysis:

4 At step one, a court determines the degree of deference properly accorded the
5 plaintiff's choice of forum. At step two, it considers whether the alternative forum
6 proposed by the defendants is adequate to adjudicate the parties' dispute. Finally,
at step three, a court balances the private and public interests implicated in the
choice of forum.

7 *Norex Petroleum Ltd. v. Access Indus., Inc.*, 416 F.3d 146, 153 (2d Cir. 2005). Under proper
8 circumstances, a *forum non conveniens* determination may occur before a court asserts
9 jurisdiction over the parties or the subject matter of the lawsuit. *Sinochem*, 549 U.S. at 436.

10 III. DISCUSSION

11 A. *Forum non conveniens*

12 As the Court will explain in considerably greater detail if required to do so at a future
13 date, Defendants' motions to dismiss on the basis of *forum non conveniens* have considerable
14 merit. Under the relevant legal authorities, the high level of deference that ordinarily would be
15 accorded Facebook's choice of forum must be discounted substantially because: (1) Facebook
16 is a multinational company with a significant business presence in Germany, *see Reid-Walen*
17 *v. Hansen*, 933 F.2d 1390, 1395 (8th Cir. 1991); *Contact Lumber Co. v. P.T. Moges Shipping*
18 *Co., Ltd.*, 918 F.2d 1446, 1450 (9th Cir. 1990); (2) Facebook currently is litigating an action in
19 Germany that is extremely similar to the instant action, *see EFCO Corp. v. Aluma Systems*
20 *USA, Inc.*, 145 F. Supp. 2d 1040, 1046-47 (S.D. Iowa 2000); and (3) the conduct complained
21 of appears to have occurred principally in Germany, *see LaSala v. UBS, AG*, 510 F. Supp. 2d
22 213, 224 (S.D.N.Y. 2007); *First Union Nat'l Bank v. Paribas*, 135 F. Supp. 2d 443, 447
23 (S.D.N.Y. 2001), *aff'd sub nom.*, *First Union Nat'l Bank v. Arab African Int'l Bank*, 48 Fed.
24 Appx. 801 (2d Cir. 2002).

25 In addition, Germany clearly is an adequate forum. An inadequate forum will be found
26 only in "[i]n rare circumstances . . . where the remedy offered by the other forum is clearly
27 unsatisfactory," for example, where the alternative forum "does not permit litigation of the
28 subject matter of the dispute." *Piper Aircraft*, 454 U.S. at 255 n.22. The alternative forum

1 need not offer the same claims, legal theories, or remedies as the domestic forum, *see, e.g.*,
2 *Gonzalez v. Chrysler Corp.*, 301 F.3d 377, 381-83 (5th Cir. 2002), and the “assert[ion] [of]
3 distinctively U.S. and California-based claims,” Supp. Opp. at 1:19, including claims under
4 the Lanham Act, is immaterial, *Lockman Found. v. Evangelical Alliance Mission*, 930 F.2d
5 764, 768-69 (9th Cir. 1991); *Wells Fargo & Co. v. Wells Fargo Express Co.*, 556 F.2d 406,
6 431 (9th Cir. 1977); *Fluoroware, Inc. v. Dainichi Shoji K.K.*, 999 F. Supp. 1265, 1271 (D.
7 Minn. 1997). To the extent Facebook argues that it cannot obtain meaningful relief in
8 Germany, that argument “is belied by the scope of [Facebook’s] own [German complaint][,] . .
9 . . [which] seeks both monetary and permanent injunctive relief for all alleged acts of
10 infringement” implicated by the instant action. *Creative Tech.*, 61 F.3d at 702.

11 Turning to the private interest factors, Facebook has offered some explanation as to
12 what U.S. witnesses it will require in this action, which appears to turn principally on conduct
13 that occurred in Germany. Nonetheless, Facebook has not explained (1) why the testimony of
14 five witnesses purportedly relevant to its trade dress claims will be critical or unique, (2) why
15 the testimony of a U.S.-based former summer intern and a U.S.-based former marketing
16 director at StudiVZ will be relevant to the alleged infringement, (3) why the testimony of
17 unspecified individuals connected with an Illinois programming company that outsources it
18 work to the Ukraine will be relevant, or (4) how the potentially critical testimony of StudiVZ’s
19 two co-founders, who reside in Germany, and of numerous other likely German witnesses, can
20 be compelled in this Court. With respect to the enforceability of a putative judgment,
21 Facebook still has not suggested what “more effective means [there could be] of protecting
22 [Facebook’s] United States [trademark] interests than by shutting off the pipeline of infringing
23 goods at the source,” i.e., Germany. *Creative Tech.*, 61 F.3d at 702

24 The majority of the public interest factors are neutral. Neither this Court nor the
25 German courts appear to be particularly overburdened. *Cf. Weisel Partners LLC v. BNP*
26 *Paribas*, No. C 07-6198 MHP, 2008 WL 3977887, at *9 (N.D. Cal. Aug. 26, 2008). Nor
27 would “retaining this action . . . avoid[] the problem of having to apply foreign law[,] . . .
28 [since] [Facebook’s] complaint necessarily implicates the legality of infringing acts occurring

1 in [Germany][,] . . . [rendering] an application of foreign law . . . likely inevitable, regardless
2 of which forum adjudicates this controversy,” *Creative Tech.*, 61 F.3d at 704.³ Even the local
3 interest factor may not favor retention. Citing *Gates Learjet Corp. v. Jensen*, 743 F.2d 1325,
4 1336-37 (9th Cir. 1984), Facebook notes that a U.S. court ordinarily would have an interest in
5 protecting a resident corporation from trademark infringement abroad. But in *Jenson*, the
6 Ninth Circuit already had found that a choice-of-law clause required the application of
7 Arizona law to the subject contract dispute. *Id.* Thus, Arizona was substantively “interested”
8 in the dispute because it had an “interest in interpreting its own laws,” and because those laws
9 presumably expressed an “interest in protecting [Arizona] companies from trademark
10 infringement abroad to preserve the state’s economic vitality.” *Id.* In the instant case, the
11 Court is not required to undertake a choice-of-law analysis at this stage of the proceedings,⁴
12 and Facebook has not urged it to do so. Facebook thus incorrectly conflates the local interest
13 served by the assertion of adjudicatory versus legislative or prescriptive jurisdiction.⁵ In any
14

15 ³ No choice-of-law determination is required here because neither the Lanham Act nor the
16 CFAA contains a special venue provision. *See Lueck v. Sundstrand Corp.*, 236 F.3d 1137, 1148
17 (9th Cir. 2001); *see also Cheng v. Boeing Co.*, 708 F.2d 1406, 1411 (9th Cir. 1983) (recognizing
18 that “the necessity of applying American law may add weight to the factors favoring retention of
jurisdiction” but finding no abuse of discretion in *forum non conveniens* dismissal even where
U.S. law might or might not have applied to the subject international dispute).

19 ⁴ *See supra* note 3.

20 ⁵ Whether or not StudiVZ’s website infringes Facebook’s intellectual property rights, this
21 Court in no way suggests that a German court would be less likely to protect, or less capable of
22 protecting, Facebook from trademark infringement, either under German or U.S. law. *See*
23 *Creative Tech.*, 61 F.3d at 702-03. Absent a prior choice-of-law determination—which, as noted
24 above, is not required or even necessarily proper at this stage of the litigation—the Court considers
25 highly suspect the proposition that domestic courts should assert adjudicatory jurisdiction to
26 “protect” domestic plaintiffs. Undoubtedly, in the context of what is often called legislative or
prescriptive jurisdiction—the issue of which country’s laws should apply to a given act or course
of conduct—domestic courts may well have a distinct legal duty to enforce policy decisions made
by the national (or state) legislature. A court’s assessment of that duty plays a central role in
most modern choice-of-law regimes.

27 By contrast, where the question solely is whether to assert adjudicatory jurisdiction over a
28 controversy that properly may be governed by foreign *or* domestic law, the notion that a court
should assert such jurisdiction in order to protect the interests of a domestic plaintiff improperly

1 event, with respect to either type of jurisdiction, it is far from clear that the predominantly
2 economic injury that Facebook may have sustained in California outweighs Germany's interest
3 in deciding a controversy whose outcome may affect the availability of a website used by
4 millions of its citizens. See *In re Donald G. Atteberry, DVM, P.A.*, 159 B.R. 1, 9 (D. Kan.
5 1993) (affirming bankruptcy court's dismissal of action on ground of *forum non conveniens*
6 and observing, in connection with local interest factor, that the action "has little to do with the
7 United States, other than the plaintiff lives here").

8 **B. *Sinochem***

9 As should be clear from the brief preceding discussion, the relevant *forum non*
10 *conveniens* considerations suggest that dismissal may be appropriate. Nonetheless, this
11 Court's discretion to decide *forum non conveniens* interchangeably with other non-merits
12 grounds for dismissal is not without limits. The Supreme Court has admonished that "the
13 consideration ordinarily accorded the plaintiff's choice of forum 'should impel [a] federal
14 court to dispose of [jurisdictional] issue[s] first.'" *Sinochem*, 549 U.S. at 436 (quoting
15 *Ruhrgas*, 526 U.S., at 587-588). Only "where subject-matter or personal jurisdiction is
16 difficult to determine, and *forum non conveniens* considerations weigh *heavily* in favor of
17 dismissal, [does] the court properly takes the less burdensome course." *Id.* (emphasis added).
18 This Court directed the parties to appear at the May 1, 2009 hearing for the purpose of
19 determining just how "heavily" the relevant *forum non conveniens* considerations might weigh
20 in favor of dismissal. Notwithstanding the apparent strength of Defendants' arguments with
21 respect to *forum non conveniens*, the *Sinochem* question presents a closer call. The efficiency
22 considerations raised by Defendants are legitimate, but it is possible, as Facebook has
23 suggested, that the personal jurisdiction inquiry meaningfully will inform the Court's ultimate

24 suggests that the domestic court may "side with" that plaintiff in interpreting the applicable law.
25 Without some indication that particular foreign courts or a particular foreign jurisdiction's
26 choice-of-law regime systematically favors the application of domestic law, this Court discerns
27 few legitimate interests to be vindicated by the assertion of adjudicatory jurisdiction for its own
28 sake. Indeed, the same principles that underlie diversity jurisdiction might suggest that
Defendants should be able to "remove" this action to a court in some more "neutral" location
such as Alabama or Michigan.

1 decision with respect to *forum non conveniens*. Out of prudence, the Court will defer its
2 ruling on *forum non conveniens* until the issue of personal jurisdiction fairly can be presented.

3 **IV. CONCLUSION**

4 For the foregoing reasons, the Court will defer consideration of Defendants' motions to
5 dismiss on the ground of *forum non conveniens*. The stay of personal jurisdiction discovery is
6 hereby lifted. The hearing on Defendants' motions to dismiss will be re-scheduled for July 10,
7 2009 at 9:00 AM. Not later than June 26, 2009 at 5 PM PDT, Facebook may file a
8 supplemental opposition brief not to exceed fifteen pages in length. Not later than July 3,
9 2009 at 5 PM PDT, Defendants may file supplemental reply briefs individually not to exceed
10 fifteen pages in length.

11
12 **IT IS SO ORDERED.**

13 DATED: 5/4/09

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16 JEREMY FOGEL
17 United States District Judge
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1 This Order has been served upon the following persons:

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